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SUBJECT: CANADA BY-ELECTIONS: CAN LIBERALS ARREST SLUMP?

REF: OTTAWA 766; OTTAWA 777

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¶1. (SBU) Summary: Voters go to the polls in four federal by-elections in Quebec, Nova Scotia, and British Columbia on November 9 (ref a). Although the contests will not change the balance of power in the House of Commons, pundits are looking for signs that the federal Liberals can pull themselves together in the face of slumping national polls - even though the Liberals are unlikely to win any of the four seats. A competitive Liberal finish in at least one of the two Quebec by-elections would go some way toward putting the party's recent troubles in Quebec (ref b) behind it. On October 27, Liberal leader Michael Ignatieff hired veteran strategist Peter Donolo as his new Chief of Staff in an effort to "right the Liberal ship." For their part, the surging Conservatives are sitting pretty, with nothing to lose and something to gain through at least second place showings in two ridings, a chance to reclaim a traditional seat, and a crack at an upset. End summary.

¶2. (U) On October 4, PM Stephen Harper called two federal by-elections in Quebec, and one each in British Columbia and Nova Scotia, for November 9. The Bloc Quebecois held the Quebec "ridings" (districts) of Hochelaga (Montreal) and Montmagny-L'Islet-Kamouraska-Riviere-du-Loup. In British Columbia, the New Democratic Party (NDP) held New Westminster-Coquitlam (Vancouver), and Conservative-turned-Independent MP Bill Casey held the rural Nova Scotia riding of Cumberland-Colchester-Musquodoboit Valley.

JOSTLING FOR SECOND PLACE IN QUEBEC?

¶3. (U) The two vacant Quebec seats have been Bloc Quebecois strongholds since 1993, and their most recent incumbents had won significant pluralities in 2008. In Hochelaga (Montreal), the Bloc won the seat with 49.6% of the vote in 2008, to the second-place Liberal with 20.6%. In the current race, Bloc candidate Daniel Paille, a former Quebec Minister of Industry and Trade and now a professor at Montreal's highly regarded economic graduate school (HEC), has emphasized economic development, social security, language, and culture. According to local media, the main fight is for second place in this urban, strongly sovereigntist suburban riding. His principal challenger is Liberal candidate Robert David, a university lecturer. David's campaign has emphasized both social issues and his close friendship with federal Liberal leader Michael Ignatieff, whom he met while studying public administration at Harvard University. The Conservatives and the NDP have run aggressive campaigns. The Conservatives have relied heavily on telephone and recorded messages promoting the government's economic stimulus program, while the NDP has underscored its support of the French language, including sponsoring a recent debate in Ottawa reinforcing the need for immigrants to Quebec to learn French

"first and foremost," and fielding a number of French-speaking NDP MPs in the riding, including the party's sole federal Quebec MP, Thomas Mulcair (Outremont), trade critic Peter Julian, critic for the francophonie Claude Gravelle, official languages critic Yvon Godin, and the youngest MP in the Commons, Niki Ashton.

14. (SBU) In Montmagny-L'Islet-Kamouraska-Riviere-du-Loup, the Conservatives reportedly believe they have a chance to retake the sprawling, rural eastern Quebec riding after sixteen years in Bloc hands, despite polls that have the party well behind the Bloc Quebecois. The Conservatives finished second in the riding -- with 30% to the Bloc's 46% -- in the 2008 federal election, but managed to halve the Bloc's plurality over its score in 2006. The candidates' ability to deliver federal funding for the riding and infrastructure has dominated the race, as well as constituency issues. Conservative candidate Bernard Genereux, a local mayor and businessman, is running against well-connected Bloc insider Nancy Gagnon, a communications advisor to Bloc leader Gilles Duceppe and a former assistant to Bloc House leader Pierre Paquette. Observers believe Liberal candidate Marcel Catellier to be a distant third, but Quebec Liberal lieutenant Marc Garneau has dropped in to help campaign, as well as Garneau's immediate predecessor, Denis Coderre, who spent October 26 campaigning in the riding in what many saw as a possible sign that Liberal rifts may be healing. AmConGen Quebec City contacts have noted with interest that Prime Minister Stephen Harper is the only federal party leader who has not visited the riding (so far) in this campaign, and predicted a low turn-out (as is the norm for by-elections generally).

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A "PHOTO FINISH" IN B.C.?

15. (SBU) In British Columbia, the race for New Westminster-Coquitlam is tight, according to AmConGen Vancouver contacts. The local media has predicted a "photo finish" between the NDP and the Conservatives, each of which has held the riding at various points in recent years. The NDP recaptured it in 2006, and held it in 2008 by a slim 3% over the Conservative candidate (41.8% to 38.8%). In 2008, the Liberal candidate trailed at 11.2%, and the Liberal candidate in this race is "a relative unknown," according to one local commentator. Both the NDP and Conservative candidates have municipal political experience. A local EKOS poll suggests that women may sway the vote in this race, but it is still unclear whether their votes will flow to the NDP due to its strong stance on women's issues, or to the Conservatives' "tough on crime" female candidate. The Conservatives' law and order agenda played well in the riding in 2008. For the NDP, the race has also been an opportunity to test the impact of its opposition to the blending of the federal and provincial sales taxes into one harmonized sales tax (HST) in the province, according to NDP national director Brad Lavigne. The province will implement the HST on July 1, 2010. Lavigne underscored that the NDP is the sole party unequivocally against the tax, and the party hopes that public anger will motivate voters to vote.

RETURN TO THE FOLD IN NOVA SCOTIA, OR TAKE A CHANCE ON THE NEW?

16. (U) Observers in the rural riding of Cumberland-Colchester-Musquodoboit Valley (Nova Scotia) will look to see whether traditional Conservative voters return to the fold. The seat is a longtime Conservative stronghold, but voters re-elected Conservative-turned-Independent MP Bill Casey with 69% of the vote in the 2008 federal election after PM Harper expelled him from caucus in 2007 for voting against the federal budget. Strong Conservative support on November 4 in the House of Commons for a Conservative private member's bill to abolish the long-gun registry could play well in the rural riding. The federal NDP is reportedly anxious to test the coattails of the popular Nova Scotia

NDP, which won a historic majority government in the province in June. The Nova Scotia NDP won the staunchly Conservative riding of neighboring Cumberland North in June, and some local media have suggested that the NDP may have surged in the late stages of the race (based on a strong provincial NDP ground-game, and residual animosity toward PM Harper over Casey's expulsion) and could be on track for an upset win. The Liberal candidate has also attempted to capitalize on Casey's ejection, but local Liberal organization is reportedly weak after the June provincial election, in which it won only 11 seats in the 52-seat provincial legislature. Federal Liberal Leader Michael Ignatieff has visited the riding to bolster support in a campaign that regional media suggest will turn on very local issues.

REFOCUSING THE LIBERAL MESSAGE

17. (SBU) In Ottawa, Ignatieff has moved to lift morale in the face of sliding national polls that shown Liberal support even below that for his predecessor, Stephane Dion. An October 26 Ipsos Reid poll reported Liberal support at 25%, compared to 26.3% for Dion in the 2008 election. In the same poll, the Conservatives surged to 40% nationally, and to 41% to the Liberals' 32% even in the Liberal heartland of Ontario. On October 27, Ignatieff shook up his inner circle, replacing loyalist Ian Davey (one of his "+2" for his February 19 meeting with President Obama, as well as for a October 23 lunch with Ambassador Jacobson) with Liberal PM Jean Chretien-era strategist veteran Peter Donolo as Chief of Staff. The turn-over was confused, with Davey's romantic partner, Ignatieff's Communications Director Jill Fairbrother, publicly denying the appointment while Ignatieff simultaneously announced it to reporters. Davey reportedly remains in Ignatieff's office as an advisor.

18. (SBU) Donolo left a partnership with leading polling firm "The Strategic Counsel" to join Ignatieff, and is described as savvy,

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experienced, and well plugged-in to the press corps. Observers credited Donolo with crafting focused messaging for Chretien with populist appeal to "Main Street" voters. In public comments, Liberal MPs expressed relief at Donolo's arrival, with one observing that "we feel like a fever has broken... we're on the mend." National President of the Liberal Party Alf Apps noted that "nuts and bolts" membership and fundraising groundwork has already been done, but the focus now has to shift to content and messaging: "Peter understands what it takes to put the winning formula back together again." Donolo insisted publicly that he wants to take a low profile for the time being. Conservative Party contacts have commented privately to PolMinCouns, however, that Donolo's experience was exclusively in government, never in opposition - a very different set of skills.

COMMENT

19. (SBU) The upcoming by-elections are a mixed bag and -- given the traditionally lower voter turn-out in by-election races -- appear likely to turn less on national than on local issues. With nothing to lose, the surging Conservatives are sitting pretty, hoping for at least second place showings in target suburban and Quebec ridings, a chance to reclaim a traditional seat, and a crack at an upset. In contrast, the Liberals similarly have no seats to lose, but are under pressure to show that they have turned the corner, particularly in Quebec. Expectations for Donolo are exceptionally - perhaps impossibly -- high, but his arrival is too recent to have a genuine impact on the Liberals' fortunes in the by-elections. The NDP will be looking for confirmation that its

recent about-face on supporting the minority Conservatives in the House of Commons has not alienated its traditional base. End Comment.

¶10. (U) This message was in collaboration with AmConGens Quebec City, Montreal, Halifax, and Vancouver.
JACOBSON